

Message Text

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73

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 AID-20 DRC-01

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R 022300Z MAY 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9937 PRIORITY

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EO 11652: N/A

TAGS: EGEN, PE

SUBJ: PROMULGATION OF SOCIAL PROPERTY LAW

REF: LIMA 3405, 2223, AND 6467 OF 8/31/73

1. COUNCIL OF MINISTERS APPROVED SOCIAL PROPERTY LAW APRIL 30, WHICH FORMED CENTRAL FOCUS FOR GOP-SPONSORED LABOR RALLY THAT EVENING. OFFICIAL DECREE APPEARED TODAY, MAY 2 AND FOLLOWS RELATIVELY CLOSELY DRAFT DECREE PRESENTED LAST AUGUST. IT DOES, HOWEVER, ON FIRST READING, REFLECT SOME POINTS MADE BY CRITICS, INCLUDING PLACING SUBSTANTIALLY GREATER EMPHASIS ON DUTIES OF WORKERS, WITH STRICT SANCTIONS (NOT PERMITTED IN PRIVATE SECTOR) FOR VIOLATIONS OF LABOR LAWS; AUTHORIZING UNION ACTIVITY WITHIN SOCIAL PROPERTY ENTERPRISES (SPE'S); AND STRENGTHENING HANDS OF INDIVIDUALS SPE MANAGERS. IT RETAINS EQUAL PAY FOR ALL, BUT ADDS PROMOTION AND TRAINING INCENTIVES FOR UNPAID OVERTIME, AND ALSO STRESSES LONG-RANGE EDUCATIONAL BENEFITS SPE'S WILL BRING TO PERU. FINANCING ARRANGEMENTS REFLECT EARLIER VERSION IN ESSENTIALS, WITH FINANCIAL INTERMEDIARIES PURCHASING

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"SHAREBONDS", AND ISSUING "CERTIFICATES OF PARTICIPATION" FOR SALE

TO PUBLIC AT LARGE. STARTUP FUNDING IS TO BE FURNISHED EITHER BY COFIDE AND/OR NATIONAL FUND FOR SOCIAL PROPERTY. ROLE OF SUPERVISORY NATIONAL COMMISSION IN DIRECT OPERATIONAL DECISIONS APPARENTLY REDUCED.

2. GOP, IN PROMULGATING LAW, MADE NO MENTION OF LIMA BUS COOPERATIVE, SCHEDULED TO BE THE FIRST SPE, NOR OF FINANCIAL SUMS NECESSARY TO OPERATE SECTOR, ALTHOUGH COFIDE PREVIOUSLY AUTHORIZED RAISE \$208 MILLION, 70 PERCENT IN FOREIGN CURRENCY, INITIAL PRESS COMMENTARY FAVORABLE, BUT NO PUBLIC ANALYSIS YET AVAILABLE. THEM WAS UNDOUBTEDLY RAISED AT PRESIDENT'S PRESS CONFERENCE TODAY AS WELL. PRIVATE SECTOR REACTION WILL PROBABLY BE SKEPTICAL AT BEST. EMBASSY PREPARING COMPARISON OF SUBSTANTIVE CHANGES IN FINAL LAW WITH THOSE PRESENT IN DRAFT.
DEAN

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